

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:382
ANSWERED ON:26.07.2006
REVISING ROYALTY ON COAL
Saradgi Shri Iqbal Ahmed

Will the Minister of COAL be pleased to state:

- (a) whether the Centre and States are divided over the issue of revising royalty on coal
- (b) if so, the main objections raised by the States;
- (c) whether the Centre has asked the states to consider the report of the Economic Advisory Council headed by C. Rangarajan;
- (d) if so, the details thereof;
- (e) whether the Centre has urged the States to accept the combined royalty formula for the time being;
- (f) if so, the reaction of the States in this regard; and
- (g) the time by which a final decision in this regard is likely to be taken?

Answer

MINISTER OF STATE FOR COAL (DR. DASARI NARAYANA RAO)

(a) to (b) A Committee was constituted on 02.06.2005 to consider revision of rates of royalty on Coal and Lignite. The Committee had sought the views and comments of the States, both through Questionnaires as well as formal interactions. The major coal producing States desire that royalty on coal be fixed on ad valorem basis whereas the major coal consumers are in favour of tonnage based specific rates.

(c) to (f) The Committee had circulated the report of the Economic Advisory Council (EAC) to the State Governments for their comments. EAC had recommended that royalty on coal should be determined so as to take care in a balanced way of the interests of both the producers and the consumers. Therefore, the formula for determining royalty may have a fixed and a variable (ad-valorem) component. The State Governments offered mixed reactions.

(g) The report submitted by the Committee on royalty is under consideration of the Government.